



# Appalachia-Science in the Public Interest

*Working for healthy land & sustainable  
communities in Kentucky & Central Appalachia.*

Chairman David L. Armstrong  
Kentucky Public Service Commission  
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Frankfort, KY 40601

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Matter of: Application of Jackson Energy  
Case No. 2013-0004

JUN 17 2013

PUBLIC SERVICE  
COMMISSION

Dear Chairman Armstrong:

Appalachia-Science in the Public Interest Mt. Vernon office is the location of the oldest net metered system in KY. It was commissioned in the spring of 2002 under the Pilot Net Metering tariff approved for KU (Case No. 2001-00304).

This net metered solar electric system, now in operation for over eleven (11) years, has been trouble free with no equipment or personal injuries experienced neither at our own facility nor at our neighbor's facilities. KU did not ask for any proof of liability coverage of any kind when the system was installed. We understand that KU and LG&E now have combined over 150 net metered customer generators with no set amount of liability insurance required for interconnection.

We have a board member on staff who we believe is the first net metered customer generator with Jackson Energy having a solar system installed at her residence back in 2007. Jackson Energy at that time did request proof of liability insurance for \$300,000 coverage. Since their homeowner's insurance already had this level of coverage it was not an issue.

Clayton Oswald's response (1. ii) to the Commission Staff's Second Request for Information states that:

"The primary and overwhelming motivation for requiring the levels of insurance suggested Jackson Energy in its tariff filing is for the protection of its members if an installation were to fail. Such a failure could cause damage to a neighbor's appliances, home, or even personal injuries. The requirement of liability insurance is to protect those neighbors who may have suffered losses due to a failure, and to protect the member who owns the installation from personal liability for those losses."

There are now well over 100 net metered distributed energy systems in the U.S., we do not know of a single incident whereby neighboring property was damaged or personal injury occurred due to a net metered system. The California Energy Commission does have record of two fires from rooftop mounted solar electric systems that occurred, both thought to be caused by undetected ground faults.

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However, in those two cases the damage was isolated to the buildings housing the solar electric PV systems.

Considering the complexity of generation and Jackson Energy's own distribution network, compared to small (less than 30 kW) net metered generation sources, logic would conclude that if Jackson Energy is truly concerned for their members protection, they would require all of their customer members to carry \$1,000,000 liability coverage, regardless of whether they are a net metered customer generator or not.

We recognize Jackson Energy consideration for the safety of its members and its member's property. However, we are concerned that Jackson Energy's limited experience with net metered customer generators may have led them to a perceived risk that is unfounded.

Please do not allow Jackson Energy to set insurance liability coverage limits for its members. If Jackson Energy is permitted to require \$500,000 and \$1,000,000 coverage for net metered customer generators, the result will be limited participation, especially for lower income households.

Incidentally, adding unnecessary costs, like this, to net metered applicants may actually go against Jackson Energy's own intentions for the safety of its members. The last thing anyone wants to see is customer members bypassing the oversight and system review that the net metering application process provides and installing these systems with notifying Jackson Energy RECC.

Sincerely,



Suzi Van Etten

Executive Director

Appalachian - Science is the Public Interest